

Hearing Date: December 21, 2010 at 2:00 p.m. (Prevailing Eastern Time)
Objection Deadline: December 20, 2010 at 5:00 p.m. (Prevailing Eastern Time)

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*Proposed Attorneys for the Official Committee
of Unsecured Creditors of Ambac Financial Group, Inc.*

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re)	
)	Chapter 11
)	
AMBAC FINANCIAL GROUP, INC.,)	10-15973 (SCC)
)	
Debtor)	
)	

**RESERVATION OF RIGHTS OF THE OFFICIAL COMMITTEE
OF UNSECURED CREDITORS IN RESPONSE TO DEBTOR'S
APPLICATIONS FOR AUTHORIZATION TO EMPLOY AND RETAIN
DEWEY & LEBOEUF LLP AS ATTORNEYS**

The Official Committee of Unsecured Creditors (the "Committee") of Ambac Financial Group, Inc. ("AFG") in the above-captioned chapter 11 case, as debtor and debtor in possession (the "Debtor"), by and through its undersigned proposed counsel, Morrison & Foerster LLP, hereby submits this reservation of rights in connection with the Debtor's Application, Pursuant to Bankruptcy Code Sections 327(a) and 328(a), Bankruptcy Rule 2014(a) and Local Rule 2014-1, for Authorization to Employ and Retain Dewey & LeBoeuf LLP ("Dewey") as Its Attorneys *Nunc Pro Tunc* to the Commencement Date (the "Dewey Application") [Docket No. 49].¹ In support thereof, the Committee respectfully represents and alleges as follows:

¹ Objection Deadline for Committee was extended to December 20, 2010 at 5:00 p.m. Eastern.

BACKGROUND

1. On November 8, 2010 (the “Commencement Date”), the Debtor filed with this Court a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtor is continuing to operate its business and manage its properties as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed.

2. A detailed description of the Debtor’s business, capital structure, and the circumstances that precipitated the commencement of this chapter 11 case is set forth in the Affidavit of David W. Wallis in Support of Debtor’s Chapter 11 Petition and First Day Motions and Pursuant to Local Rule 1007-2 [Docket No. 2], filed on the Commencement Date.

3. On November 17, 2010, the Office of the United States Trustee (the “Trustee”) appointed the Committee.

4. On December 6, 2010, the Debtor filed the Dewey Application.

RESERVATION OF RIGHTS

5. As set forth in the Affidavit of Michael Groll submitted with the Dewey Application, Dewey has represented and continues to represent both the Debtor and its wholly owned subsidiary, Ambac Assurance Corporation (“AAC”), including in connection with the partial rehabilitation of AAC and the creation of the segregated account by the Office of the Insurance Commissioner of the State of Wisconsin.

6. Given the short period of time that the Committee has been constituted and interacted with the Debtor’s proposed professionals, the Committee is not able to properly assess whether this dual engagement will impair Dewey’s ability to fully and properly represent the interests of the Debtor’s estate. Accordingly, the Committee hereby reserves all rights in the

event it should determine it necessary to seek to disqualify Dewey as the Debtor's general bankruptcy counsel, or seek other relief as appropriate.

Dated: New York, New York
December 20, 2010

/s/ Anthony Princi
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